

Your *Trust* Matters

February 2025 Newsletter



MidWestOne™
PRIVATE WEALTH



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Avoiding Common Mistakes With Power of Attorneys

Power of Attorney (POA) is a document in which a person, called the principal, names another person, called an agent, to handle medical or financial matters on behalf of the principal. When utilizing a POA, it is crucial to avoid common mistakes to ensure that the document is legally valid and reflects your wishes accurately. Below is a list of frequent POA errors:

- 1. Not Specifying the Type of POA.** There are medical POAs for medical decision-making, and there are financial POAs for financial decision-making. Furthermore, POAs can take different forms in terms of when they go into effect. For example “springing” POAs only go into effect upon the happening of a stated event (e.g., “this POA goes into effect if I become disabled,” or “this POA goes into effect if I am deployed overseas.”).
- 2. Ambiguous Language.** Using vague language can lead to misunderstandings about the agent’s powers. It’s important to clearly outline the powers granted.
- 3. Not Designating a Successor Agent.** If the primary agent is unavailable or unwilling to act, having a successor agent ensures that there’s no disruption in authority.
- 4. Not Updating the POA.** If circumstances change (e.g., a new agent is needed or the principal’s wishes change), failing to update the POA could lead to problems in the future.
- 5. Granting Too Broad or Too Narrow Powers.** If the agent is given too much power or not enough, the POA might not serve its intended purpose.
- 6. Not Considering State-Specific Requirements.** Each state has its own laws regarding POA documents, including requirements for witnesses, notaries, and the agent’s responsibilities. It is important to follow your state’s specific requirements.
- 7. Not Communicating with the Agent.** It is important for a principal to discuss their wishes with the person they appoint as their agent. If the agent is unaware of intentions, they might make decisions that don’t align with the preferences of the principal.
- 8. Leaving Out Important Limitations.** If there are areas in which the principal does not want the agent to have authority (like selling property or making certain financial decisions), the POA document should specify the limitations.

Ensuring a POA is drafted properly and reflects the principal’s intent can avoid many potential legal issues down the road. For more information, contact the MidWestOne Private Wealth team today.

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